

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 COME-00 EB-08 LAB-04 SIL-01 MCT-01
A-01 OPR-02 SY-05 OC-06 CCO-00 TRSE-00 /099 W
-----181953Z 118195 /43

R 171848Z MAR 76
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1740
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS
AMEMBASSY STOCKHOLM
USMISSION GENEVA
USNMR SHAPE
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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E.O. 11652: N/A
TAGS: ELAB, PINT, UK
SUBJECT; THE TOOL ROOM REVOLT ENDS BUT THE PROBLEMS
LINGER AT LEYLAND

REF: LONDON 3555

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SUMMARY. BY VOTING OVERWHELMINGLY YESTERDAY (MARCH 17)
TO RETURN TO WORK, BRITISH LEYLAND'S 3,000 STRIKING TOOL-
MEN HELPED PULL THE COMPANY -- AT LEAST TEMPORARILY --
BACK FROM THE BRINK. THE TOOLROOM STRIKE WHICH HAS
LASTED ABOUT ONE MONTH AND FORCED THE LAYOFF OF UP TO
50,000 LEYLAND WORKERS THREATENED TO DAMAGE SERIOUSLY

AN ALREADY TROUBLED COMPANY. IN THE WAKE OF THE SETTLEMENT OF THE TOOLROOM STRIKE, THE GOVERNMENT IS PROCEEDING WITH A REVIEW OF BRITISH LEYLAND'S PROBLEMS THAT WILL PROBABLY HAVE A MAJOR EFFECT ON INVESTMENT, JOBS AND PERHAPS LEYLAND'S STRUCTURE. END SUMMARY.

1. OVERWHELMING MAJORITIES OF TOOLROOM WORKERS VOTING AT VARIOUS BRITISH LEYLAND LOCATIONS, APPROVED RECOMMENDATIONS BY THE UNOFFICIAL TOOLROOM LEADERS TO RETURN TO WORK ON MONDAY, MARCH 21. THEY SET TWO CONDITIONS: MANAGEMENT WOULD NOT FIRE ANY TOOLROOM WORKER WHO FAILED TO RETURN ON MONDAY AND THAT THERE SHOULD BE DISCUSSIONS ON THEIR GRIEVANCES WHICH WOULD INVOLVE THE PARENT UNION, THE AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW), THE TOOLROOM WORKERS. REPRESENTATIVES AND THE MANAGEMENT. THESE CONDITIONS HAVING BEEN AGREED. TALKS ARE PLANNED FOR MONDAY, MARCH 21.

2. THROUGHOUT THE STRIKE, THE AUEW LEADERSHIP MAINTAINED ITS REFUSAL TO GIVE THE TOOLMAKERS A SEPARATE COLLECTIVE BARGAINING JURISDICTION WHICH, IF ACCEPTED, IN THE VIEW OF THE AUEW, WOULD CREATE A KIND OF "PANDORA'S BOX WHICH A VARIETY OF OTHER SKILLED GROUPS WOULD HAVE SOUGHT THE SAME RIGHTS AND WOULD HAVE WEAKENED THE TRADITIONAL COLLECTIVE BARGAINING STRUCTURE OF THE UNION. WHEN THE COMPANY THREATENED TO FIRE THE STRIKERS IF THEY DID NOT RETURN TO WORK, THE AUEW LEADERSHIP TOOK THE UNPRECEDENTED ACTION OF SUPPORTING THE COMPANY'S ULTIMATUM. IT WOULD HAVE STILL BEEN POSSIBLE FOR THE STRIKERS TO HOLD OUT A BIT LONGER, PERHAPS, BUT FACED LIMITED OFFICIAL USE

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WITH COMBINED OPPOSITION OF THE UNIONS AND THE COMPANY AND WITH A GOVERNMENT GRIMLY DETERMINED TO WITHHOLD FURTHER FUNDING FOR COMPANY, THEY RETREATED.

3. THE TOOLMAKERS. PROBLEMS. HOWEVER, WILL NOT SIMPLY

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GO AWAY. ALTHOUGH THE MONDAY MEETING WILL BEGIN TO
EXAMINE THEIR DEEPLY FELT GRIEVANCES ABOUT THE EROSION
OF THEIR PAY DIFFERENTIALS IN RELATION TO LESS SKILLED
WORKERS. IN FACT, THE WHOLE QUESTION OF DIFFERENTIAL
EROSION WILL BE A MAJOR ASPECT OF THE NEGOTIATIONS
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LEADING TO A THIRD ROUND OF PAY POLICY. BRITISH LEYLAND
HAS ALSO BEEN PLAGUED BY A POOR INDUSTRIAL RELATIONS
CLIMATE WHICH IS PARTLY THE LEGACY OF THE MERGER OF
SEVERAL COMPANIES WITH A CRAZY-QUILT PATTERN OF PAY
SYSTEMS. THESE ARE PROBLEMS WHICH GO BEYOND THE TOOLROOM
TO THE ENTIRE WORKFORCE, AND HAVE CONTRIBUTED TO ITS
POOR PRODUCTIVITY RATE.

4. THE MOST IMMEDIATE QUESTION FACING THE COMPANY IS ITS
CONTINUED VIABILITY AS A MAJOR BRITISH AUTOMOBILE

MANUFACTURER. THE TOOLROOM REVOLT SIMPLY FOCUSED THE ISSUE VERY SHARPLY. NOW, ACCORDING TO THE FINANCIAL TIMES (MARCH 18. 1977), TOP UNION AND COMPANY MANAGEMENT ARE SENDING A JOINT LETTER TO ALL AUTOWORKERS AT BRITISH LEYLAND WHICH WARNS THAT THEY MUST IMPROVE PRODUCTIVITY DRASTICALLY OR FACE THE ALTERNATIVE OF HEAVY JOB LOSSES INSIDE AND OUTSIDE THE COMPANY (INCLUDING THE IMPORTANT AUTO SUPPLY INDUSTRY). DEPARTMENT OF INDUSTRY OFFICIALS AND THE NATIONAL ENTERPRISE BOARD (WHICH CONTROLS BRITISH LEYLAND) ARE CURRENTLY AT THE COMPANY'S HEADQUARTERS TO ASSESS THE EFFECTS OF THE TOOLROOM DISPUTE WHICH HAS COST ABOUT 50,000 CARS WORTH 100 MILLION POUNDS IN SHOW-ROOM PRICES -- NOT TO SPEAK OF THE LOSS OF CONFIDENCE BY BUYERS AT HOME AND ABROAD.

5. THIS IS EXPECTED TO LEAD TO A FAR RANGING EXAMINATION OF THE COMPANY'S FUTURE, INCLUDING THE SIZE AND CHARACTER OF ITS RANGE OF CAR PRODUCTION, WHETHER TO GO AHEAD WITH PRODUCTION FACILITIES FOR ITS NEW "MINI" AND OTHER ISSUES HAVING A DIRECT BEARING ON THE INVESTMENT, ON JOBS, AND ON THE STRUCTURE OF THE COMPANY ITSELF.

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